Supreme Court, U. S.
FILED
JUL 5 1979
MICHAEL RODAK, JR., CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1979

No. 79-19

PAULEY PETROLEUM INC., COLORADO OIL AND GAS CORPORATION, MESA PETROLEUM CO., MCCULLOCH OIL CORPORATION OF CALIFORNIA, HUSKY OIL COMPANY OF DELAWARE and MACDONALD OIL CORPORATION,

Petitioners,

—against—

THE UNITED STATES OF AMERICA, J. M. HUBER CORPORATION, MIDWEST OIL CORPORATION, ASHLAND OIL & REFINING COMPANY, KEWANEE OIL COMPANY and FOREST OIL COMPANY,

Respondents.

ON A PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF CLAIMS

PETITIONERS' STATUTORY APPENDIX

JOHN P. OHL
H. RICHARD SCHUMACHER
80 Pine Street
New York, New York 10005
(212) 825-0100
Attorneys for Petitioners

Of Counsel:

CAHILL GORDON & REINDEL
LEWIS A. SHAFFER
JOHN C. KOUTSOS
80 Pine Street
New York, New York 10005

EDWARD KLIEWER, JR.
2210 Mercantile Bank Building
Dallas, Texas 75201

July 3, 1979

TABLE OF CONTENTS

PAGE

Appendix A—

U.S. Constitution, Fifth Amendment 1

Appendix B—

Cited Sections of Administrative Procedure Act, 5 U.S.C. §§ 551-59 (1970) 2
5 U.S.C. § 551 2
5 U.S.C. § 552 5
5 U.S.C. § 555 9
5 U.S.C. § 558 11

Appendix C—

28 U.S.C. § 1346 (1970), *as amended* (Supp. V 1975) 12
Reviser's Note from *United States Code* 14

Appendix D—

28 U.S.C. § 1491 (1976) 17
Reviser's Note from *United States Code* 18

Appendix E—

Relevant Portions of Outer Continental Shelf Lands Act, 67 Stat. 462 (1953), *as amended*, 43 U.S.C. §§ 1331-43 (1976) 20
43 U.S.C. § 1331 20
43 U.S.C. § 1332 20
43 U.S.C. § 1333 21
43 U.S.C. § 1334 25
43 U.S.C. § 1337 28
43 U.S.C. § 1341(c), (d) 31

PAGE

Appendix F—

Relevant Provisions of 30 C.F.R. Part 250 (As in force on February 6, 1968) 33

Appendix G—

30 C.F.R. § 250.42 (As amended on February 17, 1969) 51

Appendix H—

Relevant Provisions of 30 C.F.R. Part 250 (As amended on August 22, 1969) 52

Appendix I—

Pacific Regional OCS Order No. 2 (March 31, 1965) 73

Appendix J—

Pacific Regional OCS Order No. 10 (March 28, 1969) 77

Appendix A

United States Constitution, Fifth Amendment

No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

Appendix B

CITED SECTIONS OF ADMINISTRATIVE PROCEDURE ACT, 5 U.S.C. §§ 551-59 (1970)*

§ 551. Definitions.

For the purpose of this subchapter—

(1) "agency" means each authority of the Government of the United States, whether or not it is within or subject to review by another agency, but does not include—

(A) the Congress;

(B) the courts of the United States;

(C) the governments of the territories or possessions of the United States;

(D) the government of the District of Columbia; or except as to the requirements of section 552 of this title—

(E) agencies composed of representatives of the parties or of representatives of organizations of the parties to the disputes determined by them;

(F) courts martial and military commissions;

(G) military authority exercised in the field in time of war or in occupied territory; or

* The Administrative Procedure Act ("APA") was first enacted in 1946, 60 Stat. 237, and recodified when Title 5 of the United States Code was enacted as positive law in 1966. We here set forth the APA as it was in force in the period of primary relevance to this action and as it appears in Title 5 of the United States Code's 1970 edition. There have been subsequent amendments to the APA, but none which affect the sections which the argument in the Petition invokes.

(H) functions conferred by sections 1738, 1739, 1743, and 1744 of title 12; chapter 2 of title 41; or sections 1622, 1884, 1891–1902, and former section 1641(b)(2), of title 50, appendix;

(2) "person" includes an individual, partnership, corporation, association, or public or private organization other than an agency;

(3) "party" includes a person or agency named or admitted as a party, or properly seeking and entitled as of right to be admitted as a party, in an agency proceeding, and a person or agency admitted by an agency as a party for limited purposes;

(4) "rule" means the whole or a part of an agency statement of general or particular applicability and future effect designed to implement, interpret, or prescribe law or policy or describing the organization, procedure, or practice requirements of an agency and includes the approval or prescription for the future of rates, wages, corporate or financial structures or reorganizations thereof, prices, facilities, appliances, services or allowances therefor or of valuations, costs, or accounting, or practices bearing on any of the foregoing;

(5) "rule making" means agency process for formulating, amending, or repealing a rule;

(6) "order" means the whole or a part of a final disposition, whether affirmative, negative, injunctive, or declaratory in form, of an agency in a matter other than rule making but including licensing;

(7) "adjudication" means agency process for the formulation of an order;

(8) "license" includes the whole or a part of an agency permit, certificate, approval, registration, charter, membership, statutory exemption or other form of permission;

(9) "licensing" includes agency process respecting the grant, renewal, denial, revocation, suspension, annulment, withdrawal, limitation, amendment, modification, or conditioning of a license;

(10) "Sanction" includes the whole or a part of an agency—

(A) prohibition, requirement, limitation, or other condition affecting the freedom of a person;

(B) withholding of relief;

(C) imposition of penalty or fine;

(D) destruction, taking, seizure, or withholding of property;

(E) assessment of damages, reimbursement, restitution, compensation, costs, charges, or fees;

(F) requirement, revocation, or suspension of a license; or

(G) taking other compulsory or restrictive action;

(11) "relief" includes the whole or a part of an agency—

(A) grant of money, assistance, license, authority, exemption, exception, privilege, or remedy;

(B) recognition of a claim, right, immunity, privilege, exemption, or exception; or

(C) taking of other action on the application or petition of, and beneficial to, a person;

(12) "agency proceeding" means an agency process as defined by paragraphs (5), (7), and (9) of this section; and

(13) "agency action" includes the whole or a part of an agency rule, order, license, sanction, relief, or the equivalent or denial thereof, or failure to act.

§ 552. Public information; agency rules, opinions, orders, records, and proceedings.

(a) Each agency shall make available to the public information as follows:

(1) Each agency shall separately state and currently publish in the Federal Register for the guidance of the public—

(A) descriptions of its central and field organization and the established places at which, the employees (and in the case of a uniformed service, the members) from whom, and the methods whereby, the public may obtain information, make submittals or requests, or obtain decisions;

(B) statements of the general course and method by which its functions are channeled and determined, including the nature and requirements of all formal and informal procedures available;

(C) rules of procedure, descriptions of forms available or the places at which forms may be obtained, and instructions as to the scope and contents of all papers, reports, or examinations;

(D) substantive rules of general applicability adopted as authorized by law, and statements of general policy or interpretations of general applicability formulated and adopted by the agency; and

(E) each amendment, revision, or repeal of the foregoing.

Except to the extent that a person has actual and timely notice of the terms thereof, a person may not in any manner be required to resort to, or be adversely affected by, a matter required to be published in the Federal Register and not so published. For the purpose of this paragraph, matter reasonably available to the class of persons affected thereby is deemed published in the Federal Register when incorporated by reference therein with the approval of the Director of the Federal Register.

(2) Each agency, in accordance with published rules, shall make available for public inspection and copying—

(A) final opinions, including concurring and dissenting opinions, as well as orders, made in the adjudication of cases;

(B) those statements of policy and interpretations which have been adopted by the agency and are not published in the Federal Register; and

(C) administrative staff manuals and instructions to staff that affect a member of the public;

unless the materials are promptly published and copies offered for sale. To the extent required to prevent a clearly unwarranted invasion of personal privacy, an agency may delete identifying details when it makes available or pub-

lishes an opinion, statement of policy, interpretation, or staff manual or instruction. However, in each case the justification for the deletion shall be explained fully in writing. Each agency also shall maintain and make available for public inspection and copying a current index providing identifying information for the public as to any matter issued, adopted, or promulgated after July 4, 1967, and required by this paragraph to be made available or published. A final order, opinion, statement of policy, interpretation, or staff manual or instruction that affects a member of the public may be relied on, used, or cited as precedent by an agency against a party other than an agency only if—

(i) it has been indexed and either made available or published as provided by this paragraph; or

(ii) the party has actual and timely notice of the terms thereof.

(3) Except with respect to the records made available under paragraphs (1) and (2) of this subsection, each agency, on request for identifiable records made in accordance with published rules stating the time, place, fees to the extent authorized by statute, and procedure to be followed, shall make the records promptly available to any person. On complaint, the district court of the United States in the district in which the complainant resides, or has his principal place of business, or in which the agency records are situated, has jurisdiction to enjoin the agency from withholding agency records and to order the production of any agency records improperly withheld from the complaint. In such a case the court shall determine the matter de novo and the burden is on the agency to sustain

its action. In the event of noncompliance with the order of the court, the district court may punish for contempt the responsible employee, and in the case of a uniformed service, the responsible member. Except as to causes the court considers of greater importance, proceedings before the district court, as authorized by this paragraph, take precedence on the docket over all other causes and shall be assigned for hearing and trial at the earliest practicable date and expedited in every way.

(4) Each agency having more than one member shall maintain and make available for public inspection a record of the final votes of each member in every agency proceeding.

(b) This section does not apply to matters that are—

(1) specifically required by Executive order to be kept secret in the interest of the national defense or foreign policy;

(2) related solely to the internal personnel rules and practices of an agency;

(3) specifically exempted from disclosure by statute;

(4) trade secrets and commercial or financial information obtained from a person and privileged or confidential;

(5) inter-agency or intra-agency memorandums or letters which would not be available by law to a party other than an agency in litigation with the agency;

(6) personnel and medical files and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy;

(7) investigatory files compiled for law enforcement purposes except to the extent available by law to a party other than an agency;

(8) contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions; or

(9) geological and geophysical information and data, including maps, concerning wells.

(c) This section does not authorize withholding of information or limit the availability of records to the public, except as specifically stated in this section. This section is not authority to withhold information from Congress.

§ 555. Ancillary matters.

(a) This section applies, according to the provisions thereof, except as otherwise provided by this subchapter.

(b) A person compelled to appear in person before an agency or representative thereof is entitled to be accompanied, represented, and advised by counsel or, if permitted by the agency, by other qualified representative. A party is entitled to appear in person or by or with counsel or other duly qualified representative in an agency proceeding. So far as the orderly conduct of public business permits, an interested person may appear before an agency or its responsible employees for the presentation, adjustment, or determination of an issue, request, or controversy in a proceeding, whether interlocutory, summary, or otherwise, or in connection with an agency function. With due regard for the convenience and necessity of the parties or their representatives and within a reasonable time, each agency

shall proceed to conclude a matter presented to it. This subsection does not grant or deny a person who is not a lawyer the right to appear for or represent others before an agency or in an agency proceeding.

(c) Process, requirement of a report, inspection, or other investigative act or demand may not be issued, made, or enforced except as authorized by law. A person compelled to submit data or evidence is entitled to retain or, on payment of lawfully prescribed costs, procure a copy or transcript thereof, except that in a nonpublic investigatory proceeding the witness may for good cause be limited to inspection of the official transcript of his testimony.

(d) Agency subpenas authorized by law shall be issued to a party on request and, when required by rules of procedure, on a statement or showing of general relevance and reasonable scope of the evidence sought. On contest, the court shall sustain the subpena or similar process or demand to the extent that it is found to be in accordance with law. In a proceeding for enforcement, the court shall issue an order requiring the appearance of the witness or the production of the evidence or data within a reasonable time under penalty of punishment for contempt in case of contumacious failure to comply.

(e) Prompt notice shall be given of the denial in whole or in part of a written application, petition, or other request of an interested person made in connection with any agency proceedings. Except in affirming a prior denial or when the denial is self-explanatory, the notice shall be accompanied by a brief statement of the grounds for denial.

• • •

§ 558. Imposition of sanctions; determination of applications for licenses; suspension, revocation, and expiration of licenses.

(a) This section applies, according to the provisions thereof, to the exercise of a power or authority.

(b) A sanction may not be imposed or a substantive rule or order issued except within jurisdiction delegated to the agency and as authorized by law.

(c) When application is made for a license required by law, the agency, with due regard for the rights and privileges of all the interested parties or adversely affected persons and within a reasonable time, shall set and complete proceedings required to be conducted in accordance with sections 556 and 557 of this title or other proceedings required by law and shall make its decision. Except in cases of willfulness or those in which public health, interest, or safety requires otherwise, the withdrawal, suspension, revocation, or annulment of a license is lawful only if, before the institution of agency proceedings therefor, the licensee has been given—

(1) notice by the agency in writing of the facts or conduct which may warrant the action; and

(2) opportunity to demonstrate or achieve compliance with all lawful requirements.

When the licensee has made timely and sufficient application for a renewal or a new license in accordance with agency rules, a license with reference to an activity of a continuing nature does not expire until the application has been finally determined by the agency.

Appendix C

28 U.S.C. § 1346 (1970), *as amended* (SUPP. V 1975)*
WITH REVISER'S NOTE

§ 1346. United States as defendant.

(a) The district courts shall have original jurisdiction, concurrent with the Court of Claims, of:

(1) Any civil action against the United States for the recovery of any internal-revenue tax alleged to have been erroneously or illegally assessed or collected, or any penalty claimed to have been collected without authority or any sum alleged to have been excessive or in any manner wrongfully collected under the internal-revenue laws;

(2) Any other civil action or claim against the United States, not exceeding $10,000 in amount, founded either upon the Constitution, or any Act of Congress, or any regulation of an executive department, or upon any express or implied contract with the United States, or for liquidated or unliquidated damages in cases not sounding in tort. For the purpose of this paragraph, an express or implied contract with the Army and Air Force Exchange Service, Navy Exchanges, Marine Corps Exchanges, Coast Guard Exchanges, or Exchange Councils of the National Aeronautics and Space Administration shall be

* The text of 28 U.S.C. § 1346 as printed herein was in effect during the period relevant to this action. Section 1346 was amended in a manner immaterial to the issues raised in this action in 1976 and 1978.

considered an express or implied contract with the United States.

(b) Subject to the provisions of chapter 171 of this title, the district courts, together with the United States District Court for the District of the Canal Zone and the District Court of the Virgin Islands, shall have exclusive jurisdiction of civil actions on claims against the United States, for money damages, accruing on and after January 1, 1945, for injury or loss of property, or personal injury or death caused by the negligent or wrongful act or omission of any employee of the Government while acting within the scope of his office or employment, under circumstances where the United States, if a private person, would be liable to the claimant in accordance with the law of the place where the act or omission occurred.

(c) The jurisdiction conferred by this section includes jurisdiction of any set-off, counterclaim, or other claim or demand whatever on the part of the United States against any plaintiff commencing an action under this section.

(d) The district courts shall not have jurisdiction under this section of any civil action or claim for a pension.

(e) The district courts shall have original jurisdiction of any civil action against the United States provided in section 7426 of the Internal Revenue Code of 1954.

(f) The district courts shall have exclusive original jurisdiction of civil actions under section 2409a to quiet title to an estate or interest in real property in which an interest is claimed by the United States.

LEGISLATIVE HISTORY*

Reviser's Note.—Based on title 28, U. S. C., 1940 ed., §§ 41 (20), 931 (a), 932 (Mar. 3, 1911, ch. 231, § 24, par. 20, 36 Stat. 1093; Nov. 23, 1921, ch. 136, § 1310 (c), 42 Stat. 311; June 2, 1924, ch. 234, § 1025 (c), 43 Stat. 348; Feb. 24, 1925, ch. 309, 43 Stat. 972; Feb. 26, 1926, ch. 27, §§ 1122 (c), 1200, 44 Stat. 121, 125; Aug. 2, 1946, ch. 753, §§ 410 (a), 411, 60 Stat. 843).

Section consolidates provisions of section 41 (20) conferring jurisdiction upon the district court, in civil actions against the United States, with the first sentence of section 931 (a) relating to jurisdiction of the district courts in tort claims cases, and those provisions of section 932 making the provisions of said section 41 (20), relating to counterclaim and set-off, applicable to tort claims cases, all of title 28, U. S. C., 1940 ed.

Provision in section 931 (a) of title 28, U. S. C., 1940 ed., for trials without a jury, is incorporated in section 2402 of this revised title. For other provisions thereof, see Distribution Table.

Words "commencing an action under this section" in subsec. (c) of this revised section cover the provision in section 932 of title 28, U. S. C., 1940 ed., requiring that the same provisions "for counterclaim and set-off" shall apply to tort claims cases brought in the district courts.

The phrase in section 931 (a) of title 28, U. S. C., 1940 ed., "accruing on and after January 1, 1945" was omitted because executed as of the date of the enactment of this revised title.

Provisions in section 41 (20) of title 28, U. S. C., 1940 ed., relating to time for commencing action against United

* From the 1970 edition of the United States Code.

States and jury trial constitute sections 2401 and 2402 of this title. (See reviser's notes under said sections.)

Words in section 41 (20) of title 28, U. S. C., 1940 ed., "commenced after passage of the Revenue Act of 1921" were not included in revised subsection (a) (1) because obsolete and superfluous. Actions under this section involving erroneous or illegal assessments by the collector of taxes would be barred unless filed within the 5-year limitation period of section 1113 (a) of the Revenue Act of 1926, 44 Stat. 9, 116. (See United States v. A. S. Kreider Co., 1941, 61 S. Ct. 1007, 313 U. S. 443, 85 L. Ed. 1447.)

Words in section 41 (20) of title 28, U. S. C., 1940 ed., "if the collector of internal revenue is dead or is not in office at the time such action or proceeding is commenced" were omitted.

The revised section retains the language of section 41 (20) of title 28, U. S. C., 1940 ed., with respect to actions against the United States if the collector is dead or not in office when action is commenced, and consequently maintains the long existing distinctions in practice between actions against the United States and actions against the collector who made the assessment or collection. In the latter class of actions either party may demand a jury trial while jury trial is denied in actions against the United States. See section 2402 of this title. In reality all such actions are against the United States and not against local collectors. (See Lowe v. United States, 1938, 58 S. Ct. 896, 304 U. S. 302, 82 L. Ed. 1362; Manseau v. United States, D. C. Mich. 1943, 52 F. Supp. 395, and Combined Metals Reduction Co. v. United States, D. C. Utah 1943, 53 F. Supp. 739.)

The revised subsection (c) (1) omitted clause: "but no suit pending on the 27th day of June 1898 shall abate or

be affected by this provision," contained in section 41 (20) of title 28, U. S. C., 1940 ed., as obsolete and superfluous. The words contained in section 41 (20) of title 28, U. S. C., 1940 ed., "claims growing out of the Civil War, and commonly known as 'war-claims,' or to hear and determine other claims which had been reported adversely prior to the 3d day of March 1887 by any court, department, or commission authorized to have and determine the same," were omitted for the same reason.

The words "in a civil action or in admiralty," in subsection (a) (2), were substituted for "either in a court of law, equity, or admiralty" to conform to Rule 2 of the Federal Rules of Civil Procedure.

Words in section 41 (20) "in respect to which claims the party would be entitled to redress against the United States, either in a court of law, equity, or admiralty, if the United States were suable" were omitted from subsection (a) (2) of this revised section as unnecessary. See reviser's note under section 1491 of this title.

For jurisdiction of The Tax Court to review claims for refunds of processing taxes collected under the unconstitutional Agriculture Adjustment Act, see sections 644-659 of title 7, U. S. C., 1940 ed., Agriculture, and the 1942 Revenue Act, Act Oct. 21, 1942, ch. 610, title V, § 510 (a), (c), (d), 56 Stat. 667. (See, also, Lamborn v. United States, C. C. P. A. 1939, 104 F. 2d 75, certiorari denied 60 S. Ct. 115, 308 U. S. 589, 84 L. Ed. 493.)

See, also, reviser's note under section 1491 of this title as to jurisdiction of the Court of Claims in suits against the United States generally. For venue of actions under this section, see section 1402 of this title and reviser's note thereunder.

Minor changes were made in phraseology.

Appendix D

28 U.S.C. § 1491 (1976)*
With Reviser's Note

§ 1491. Claims against United States generally; actions involving Tennessee Valley Authority.

The Court of Claims shall have jurisdiction to render judgment upon any claim against the United States founded either upon the Constitution, or any Act of Congress, or any regulation of an executive department, or upon any express or implied contract with the United States, or for liquidated or unliquidated damages in cases not sounding in tort. For the purpose of this paragraph, an express or implied contract with the Army and Air Force Exchange Service, Navy Exchanges, Marine Corps Exchanges, Coast Guard Exchanges, or Exchange Councils of the National Aeronautics and Space Administration shall be considered an express or implied contract with the United States. To provide an entire remedy and to complete the relief afforded by the judgment, the court may, as an incident of and collateral to any such judgment, issue orders directing restoration to office or position, placement in appropriate duty or retirement status, and correction of applicable records, and such orders may be issued to any appropriate official of the United States. In any case within its jurisdiction, the court shall have the power to remand appropriate matters to any administrative or executive body or official with such direction as it may deem proper and just.

---

* The text of 28 U.S.C. § 1491 is printed herein as it appears in the 1976 edition of the United States Code. This is the text of § 1491 as it was in effect during the period relevant to this action. Section 1491 was amended in 1978 to grant the Court of Claims jurisdiction over actions arising under the Contract Disputes Act of 1978.

Nothing herein shall be construed to give the Court of Claims jurisdiction in suits against, or founded on actions of, the Tennessee Valley Authority, nor to amend or modify the provisions of the Tennessee Valley Authority Act of 1933, as amended, with respect to suits by or against the Authority.

LEGISLATIVE HISTORY*

Reviser's Note.—Based on title 28 U. S. C., 1940 ed., § 250 (1) (Mar. 3, 1911, ch. 231; § 145, 36 Stat. 1136).

District courts are given concurrent jurisdiction of certain claims against the United States under section 1346 of this title. (See also reviser's note under that section and section 1621 of this title relating to jurisdiction of the Tax Court.)

The proviso in section 250 (1) of title 28, U. S. C., 1940 ed., relating to claims growing out of the Civil War, commonly known as "war claims," and other claims which had been reported adversely before March 3, 1887 by any court, department, or commission authorized to determine them, were omitted as obsolete.

The exception in section 250 (1) of title 28, U. S. C., 1940 ed., as to pension claims appears in section 1501 of this title.

Words "in respect of which claims the party would be entitled to redress against the United States either in a court of law, equity, or admiralty, if the United States were suable" were omitted as unnecessary since the Court of Claims manifestly, under this section will determine whether a petition against the United States states a cause of action. In any event, the Court of Claims has no admiralty jurisdiction, but the Suits in Admiralty Act,

* From the 1970 edition of the United States Code.

sections 741—752 of title 46, U. S. C., 1940 ed., Shipping, vests exclusive jurisdiction over suits in admiralty against the United States in the district courts. Sanday & Co. v. U. S., 1932, 76 Ct. Cl. 370.

For additional provisions respecting jurisdiction of the court of claims in war contract settlement cases see section 114b of Title 41, U. S. C., 1940 ed., Public Contracts.

Changes were made in phraseology.

Appendix E

RELEVANT PORTIONS OF
OUTER CONTINENTAL SHELF LANDS ACT,
67 STAT. 462 (1953), as amended, 43 U.S.C.
§§ 1331-43 (1976)*

SUBCHAPTER III.—OUTER CONTINENTAL SHELF LANDS

§ 1331. Definitions.

When used in this subchapter—

(a) The term "outer Continental Shelf" means all submerged lands lying seaward and outside of the area of lands beneath navigable waters as defined in section 1301 of this title, and of which the subsoil and seabed appertain to the United States and are subject to its jurisdiction and control;

(b) The term "Secretary" means the Secretary of the Interior;

(c) The term "mineral lease" means any form of authorization for the exploration for, or development or removal of deposits of, oil, gas, or other minerals; and

(d) The term "person" includes, in addition to a natural person, an association, a State, a political subdivision of a State, or a private, public, or municipal corporation.

§ 1332. Congressional declaration of policy; jurisdiction; construction.

(a) It is declared to be the policy of the United States that the subsoil and seabed of the outer Continental Shelf appertain to the United States and are subject to its jurisdiction, control, and power of disposition as provided in this subchapter.

---

* The text of 43 U.S.C. §§ 1331-43 is printed herein as it appears in the 1976 edition of the United States Code. Except as noted on the footnote on the next page, this is the text of the OCSL Act as it was in effect during the period relevant to this action. The OCSL Act was amended extensively in 1978.

(b) This subchapter shall be construed in such manner that the character as high seas of the waters above the outer Continental Shelf and the right to navigation and fishing therein shall not be affected.

§ 1333. Laws and regulations governing lands.

(a) Constitution and United States laws; laws of adjacent States; publication of projected State lines; restriction on State taxation and jurisdiction.

(1) The Constitution and laws and civil and political jurisdiction of the United States are extended to the subsoil and seabed of the outer Continental Shelf and to all artificial islands and fixed structures which may be erected thereon for the purpose of exploring for, developing, removing, and transporting resources therefrom, to the same extent as if the outer Continental Shelf were an area of exclusive Federal jurisdiction located within a State: *Provided, however,* That mineral leases on the outer Continental Shelf shall be maintained or issued only under the provisions of this subchapter.

(2) To the extent that they are applicable and not inconsistent with this subchapter or with other Federal laws and regulations of the Secretary now in effect or hereafter adopted, the civil and criminal laws of each adjacent State, *now in effect or hereafter adopted, amended, or repealed* [as of August 7, 1953]* are declared to be the law of the United States for that portion of the subsoil and seabed of the outer Continental Shelf, and artificial islands and

---

* The language in italics was added by Act of Jan. 3, 1975, Pub. L. 93-627, § 19(f), 88 Stat. 2146, replacing the language in brackets which was part of the original enactment of the OCS Act and which was in force during the period primarily relevant to this action.

fixed structures erected thereon, which would be within the area of the State if its boundaries were extended seaward to the outer margin of the outer Continental Shelf, and the President shall determine and publish in the Federal Register such projected lines extending seaward and defining each such area. All of such applicable laws shall be administered and enforced by the appropriate officers and courts of the United States. State taxation laws shall not apply to the outer Continental Shelf.

(3) The provisions of this section for adoption of State law as the law of the United States shall never be interpreted as a basis for claiming any interest in or jurisdiction on behalf of any State for any purpose over the seabed and subsoil of the outer Continental Shelf, or the property and natural resources thereof or the revenues therefrom.

(b) Jurisdiction of United States district courts.

The United States district courts shall have original jurisdiction of cases and controversies arising out of or in connection with any operations conducted on the outer Continental Shelf for the purpose of exploring for, developing, removing or transporting by pipeline the natural resources, or involving rights to the natural resources of the subsoil and seabed of the outer Continental Shelf, and proceedings with respect to any such case or controversy may be instituted in the judicial district in which any defendant resides or may be found, or in the judicial district of the adjacent State nearest the place where the cause of action arose.

(c) Applicability of Longshoremen's and Harbor Workers' Compensation Act; definitions.

With respect to disability or death of an employee resulting from any injury occurring as the result of operations described in subsection (b) of this section, compensation shall be payable under the provisions of the Longshoremen's and Harbor Workers' Compensation Act. For the purposes of the extension of the provisions of the Longshoremen's and Harbor Workers' Compensation Act under this section—

(1) the term "employee" does not include a master or member of a crew of any vessel, or an officer or employee of the United States or any agency thereof or of any State or foreign government, or of any political subdivision thereof;

(2) the term "employer" means an employer any of whose employees are employed in such operations; and

(3) the term "United States" when used in a geographical sense includes the outer Continental Shelf and artificial islands and fixed structures thereon.

(d) Applicability of National Labor Relations Act.

For the purposes of the National Labor Relations Act, as amended, any unfair labor practice, as defined in such Act, occurring upon any artificial island or fixed structure referred to in subsection (a) of this section shall be deemed to have occurred within the judicial district of the adjacent State nearest the place of location of such island or structure.

(e) Coast Guard regulations; marking of islands and structures; offenses and penalties.

(1) The head of the Department in which the Coast Guard is operating shall have authority to promulgate and enforce such reasonable regulations with respect to lights and other warning devices, safety equipment, and

other matters relating to the promotion of safety of life and property on the islands and structures referred to in subsection (a) of this section or on the waters adjacent thereto, as he may deem necessary.

(2) The head of the Department in which the Coast Guard is operating may mark for the protection of navigation any such island or structure whenever the owner has failed suitably to mark the same in accordance with regulations issued hereunder, and the owner shall pay the cost thereof. Any person, firm, company, or corporation who shall fail or refuse to obey any of the lawful rules and regulations issued hereunder shall be guilty of a misdemeanor and shall be fined not more than $100 for each offense. Each day during which such violation shall continue shall be considered a new offense.

(f) Prevention of obstruction to navigation by Secretary of the Army.

The authority of the Secretary of the Army to prevent obstruction to navigation in the navigable waters of the United States is extended to artificial islands and fixed structures located on the outer Continental Shelf.

(g) Provisions as non-exclusive.

The specific application by this section of certain provisions of law to the subsoil and seabed of the outer Continental Shelf and the artificial islands and fixed structures referred to in subsection (a) of this section or to acts or offenses occurring or committed thereon shall not give rise to any inference that the application to such islands and structures, acts, or offenses of any other provision of law is not intended.

§ 1334. Administration of leasing.

(a) Rules and regulations; amendment; cooperation with State agencies; violations and penalties; compliance with regulations as condition of lease.

(1) The Secretary shall administer the provisions of this subchapter relating to the leasing of the outer Continental Shelf, and shall prescribe such rules and regulations as may be necessary to carry out such provisions. The Secretary may at any time prescribe and amend such rules and regulations as he determines to be necessary and proper in order to provide for the prevention of waste and conservation of the natural resources of the outer Continental Shelf, and the protection of correlative rights therein, and, notwithstanding any other provisions herein, such rules and regulations shall apply to all operations conducted under a lease issued or maintained under the provisions of this subchapter. In the enforcement of conservation laws, rules, and regulations the Secretary is authorized to cooperate with the conservation agencies of the adjacent States. Without limiting the generality of the foregoing provisions of this section, the rules and regulations prescribed by the Secretary thereunder may provide for the assignment or relinquishment of leases, for the sale of royalty oil and gas accruing or reserved to the United States at not less than market value, and, in the interest of conservation, for unitization, pooling, drilling agreements, suspension of operations or production, reduction of rentals or royalties, compensatory royalty agreements, subsurface storage of oil or gas in any of said submerged lands, and drilling or other easements necessary for operations or production.

(2) Any person who knowingly and willfully violates any rule or regulation prescribed by the Secretary for the prevention of waste, the conservation of the natural resources, or the protection of correlative rights shall be deemed guilty of a misdemeanor and punishable by a fine of not more than $2,000 or by imprisonment for not more than six months, or by both such fine and imprisonment, and each day of violation shall be deemed to be a separate offense. The issuance and continuance in effect of any lease, or of any extension, renewal, or replacement of any lease under the provisions of this subchapter shall be conditioned upon compliance with the regulations issued under this subchapter and in force and effect on the date of the issuance of the lease if the lease is issued under the provisions of section 1337 of this title, or with the regulations issued under the provisions of section 1335 (b) (2) of this title if the lease is maintained under the provisions of section 1335 of this title.

(b) Cancellation of lease; judicial review.

(1) Whenever the owner of a nonproducing lease fails to comply with any of the provisions of this subchapter, or of the lease, or of the regulations issued under this subchapter and in force and effect on the date of the issuance of the lease if the lease is issued under the provisions of section 1337 of this title, or of the regulations issued under the provisions of section 1335 (b) (2) of this title, if the lease is maintained under the provisions of section 1335 of this title, such lease may be canceled by the Secretary, subject to the right of judicial review as provided in section 1337 (j) of this title, if such default continues for the period of thirty days after mailing of notice by registered letter to the lease owner at his record post office address.

(2) Whenever the owner of any producing lease fails to comply with any of the provisions of this subchapter, or of the lease, or of the regulations issued under this subchapter and in force and effect on the date of the issuance of the lease if the lease is issued under the provisions of section 1337 of this title, or of the regulations issued under the provisions of section 1335 (b) (2) of this title, hereof, if the lease is maintained under the provisions of section 1335 of this title, such lease may be forfeited and canceled by an appropriate proceeding in any United States district court having jurisdiction under the provisions of section 1333 (b) of this title.

(c) Pipeline rights-of-way; forfeiture of grant.

Rights-of-way through the submerged lands of the outer Continental Shelf, whether or not such lands are included in a lease maintained or issued pursuant to this subchapter, may be granted by the Secretary for pipeline purposes for the transportation of oil, natural gas, sulphur, or other mineral under such regulations and upon such conditions as to the application therefor and the survey, location and width thereof as may be prescribed by the Secretary, and upon the express condition that such oil or gas pipelines shall transport or purchase without discrimination, oil or natural gas produced from said submerged lands in the vicinity of the pipeline in such proportionate amounts as the Federal Power Commission, in the case of gas, and the Interstate Commerce Commission, in the case of oil, may, after a full hearing with due notice thereof to the interested parties, determine to be reasonable, taking into account, among other things, conservation and the prevention of waste. Failure to comply with the provisions of this section or the regulations and conditions prescribed there-

under shall be ground for forfeiture of the grant in an appropriate judicial proceeding instituted by the United States in any United States district court having jurisdiction under the provisions of section 1333 (b) of this title.

• • •

§ 1337. Grant of leases by Secretary.

(a) Oil and gas leases; award to highest bidder; method of bidding.

In order to meet the urgent need for further exploration and development of the oil and gas deposits of the submerged lands of the outer Continental Shelf, the Secretary is authorized to grant to the highest responsible qualified bidder by competitive bidding under regulations promulgated in advance, oil and gas leases on submerged lands of the outer Continental Shelf which are not covered by leases meeting the requirements of section 1335 (a) of this title. The bidding shall be (1) by sealed bids, and (2) at the discretion of the Secretary, on the basis of a cash bonus with a royalty fixed by the Secretary at not less than 12½ per centum in amount or value of the production saved, removed or sold, or on the basis of royalty, but at not less than the per centum above mentioned, with a cash bonus fixed by the Secretary.

(b) Terms and provisions of oil and gas leases.

An oil and gas lease issued by the Secretary pursuant to this section shall (1) cover a compact area not exceeding five thousand seven hundred and sixty acres, as the Secretary may determine, (2) be for a period of five years and as long thereafter as oil or gas may be produced from the area in paying quantities, or drilling or well reworking

operations as approved by the Secretary are conducted thereon, (3) require the payment of a royalty of not less than 12½ per centum, in the amount or value of the production saved, removed, or sold from the lease, and (4) contain such rental provisions and such other terms and provisions as the Secretary may prescribe at the time of offering the area for lease.

(c) Sulphur leases; award to highest bidder; method of bidding.

In order to meet the urgent need for further exploration and development of the sulphur deposits in the submerged lands of the outer Continental Shelf, the Secretary is authorized to grant to the qualified persons offering the highest cash bonuses on a basis of competitive bidding sulphur leases on submerged lands of the outer Continental Shelf, which are not covered by leases which include sulphur and meet the requirements of section 1335 (a) of this title, and which sulphur leases shall be offered for bid by sealed bids and granted on separate leases from oil and gas leases, and for a separate consideration, and without priority or preference accorded to oil and gas lessees on the same area.

(d) Terms and provisions of sulphur leases.

A sulphur lease issued by the Secretary pursuant to this section shall (1) cover an area of such size and dimensions as the Secretary may determine, (2) be for a period of not more than ten years and so long thereafter as sulphur may be produced from the area in paying quantities or drilling, well reworking, plant construction, or other operations for the production of sulphur, as approved by the Secretary, are conducted thereon, (3) require the payment to the

United States of such royalty as may be specified in the lease but not less than 5 per centum of the gross production or value of the sulphur at the wellhead, and (4) contain such rental provisions and such other terms and provisions as the Secretary may by regulation prescribe at the time of offering the area for lease.

(e) Other mineral leases; award to highest bidder; terms and conditions.

The Secretary is authorized to grant to the qualified persons offering the highest cash bonuses on a basis of competitive bidding leases of any mineral other than oil, gas, and sulphur in any area of the outer Continental Shelf not then under lease for such mineral upon such royalty, rental, and other terms and conditions as the Secretary may prescribe at the time of offering the area for lease.

(f) Publication of notices of sale and terms of bidding.

Notice of sale of leases, and the terms of bidding, authorized by this section shall be published at least thirty days before the date of sale in accordance with rules and regulations promulgated by the Secretary.

(g) Disposition of revenues.

All moneys paid to the Secretary for or under leases granted pursuant to this section shall be deposited in the Treasury in accordance with section 1338 of this title.

(h) Issuance of lease as non-prejudicial to ultimate settlement or adjudication of controversies.

The issuance of any lease by the Secretary pursuant to this subchapter, or the making of any interim arrangements

by the Secretary pursuant to section 1336 of this title shall not prejudice the ultimate settlement or adjudication of the question as to whether or not the area involved is in the outer Continental Shelf.

(i) Cancellation of leases for fraud.

The Secretary may cancel any lease obtained by fraud or misrepresentation.

(j) Judicial review of cancellation of lease; petition within sixty days

Any person complaining of a cancellation of a lease by the Secretary may have the Secretary's action reviewed in the United States District Court for the District of Columbia by filing a petition for review within sixty days after the Secretary takes such action.

• • •

§ 1341. Reservation of lands and rights.

• • •

(c) National security clause.

All leases issued under this subchapter, and leases, the maintenance and operation of which are authorized under this subchapter, shall contain or be construed to contain a provision whereby authority is vested in the Secretary, upon a recommendation of the Secretary of Defense, during a state of war or national emergency declared by the Congress or the President of the United States after August 7, 1953, to suspend operations under any lease; and all such leases shall contain or be construed to contain provisions for the payment of just compensation to the lessee whose operations are thus suspended.

(d) National defense areas; suspension of operations; extension of leases.

The United States reserves and retains the right to designate by and through the Secretary of Defense, with the approval of the President, as areas restricted from exploration and operation that part of the outer Continental Shelf needed for national defense; and so long as such designation remains in effect no exploration or operations may be conducted on any part of the surface of such area except with the concurrence of the Secretary of Defense; and if operations or production under any lease theretofore issued on lands within any such restricted area shall be suspended, any payment of rentals, minimum royalty, and royalty prescribed by such lease likewise shall be suspended during such period of suspension of operation and production, and the term of such lease shall be extended by adding thereto any such suspension period, and the United States shall be liable to the lessee for such compensation as is required to be paid under the Constitution of the United States.

Appendix F

RELEVANT PROVISIONS OF 30 C.F.R. Part 250

(As in Force on February 6, 1968; *see* Dx 69.)

GENERAL PROVISIONS

§ 250.1 Purpose and authority.

The Outer Continental Shelf Lands Act enacted on August 7, 1953 (67 Stat. 462), referred to in this part as "the act," authorizes the Secretary of the Interior to prescribe rules and regulations applicable to operations conducted under a lease issued or maintained under the provisions of the act, and for the prevention of waste, the conservation of natural resources of the outer Continental Shelf, and the protection of correlative rights therein. The regulations in this part shall be administered by the Director of the Geological Survey.

NOTE: Compliance with the regulations of this part does not obviate the necessity of compliance with requirements and regulations of the Department of the Army and the Coast Guard with respect to prevention of obstruction to navigation, lights, and warning devices, and other matters relating to safety of life and property, as authorized by section 4 of the act.

§ 250.2 Definitions.

The following terms as used in the regulations in this part shall have the meanings here given:

(a) *Secretary.* The Secretary of the Interior.

(b) *Director.* The Director of the Geological Survey, Washington, D. C., having administrative direction of the enforcement of the regulations in this part.

(c) *Supervisor.* A representative of the Secretary, under administrative direction of the Director, authorized and empowered to regulate operations and to perform other duties prescribed in the regulations in this part, or any subordinate of such representative acting under his direction.

(d) *Outer Continental Shelf.* All submerged lands (1) which lie seaward and outside of the area of lands beneath navigable waters as defined in the Submerged Lands Act (67 Stat. 29) and (2) in which the subsoil and seabed appertain to the United States and are subject to its jurisdiction and control.

(e) *Lease.* The contract or agreement under which the leasehold rights are held by the lessee, or the land covered by the contract or agreement, whichever is required by the context.

(f) *Lessee.* The party authorized by a lease, or an approved assignment thereof, to develop and produce the leased deposits in accordance with the regulations in this part, including all parties holding such authority by or through him.

(g) *Operator.* The individual, partnership, firm, or corporation having control or management of operations on the leased land or a portion thereof. The operator may be a lessee, designated agent of the lessee, or holder of rights under an approved operating agreement.

(h) *Waste of oil and gas.* Waste means and includes (1) physical waste as that term is generally understood in the oil and gas industry; (2) the inefficient, excessive, or improper use of, or the unnecessary dissipation of reservoir energy; (3) the locating, spacing, drilling, equipping,

operating, or producing of any oil or gas well or wells in a manner which causes or tends to cause reduction in the quantity of oil or gas ultimately recoverable from a pool under prudent and proper operations or which causes or tends to cause unnecessary or excessive surface loss or destruction of oil or gas; (4) the inefficient storage of oil; and (5) the production of oil or gas in excess of transportation or marketing facilities or in excess of reasonable market demand.

(i) *Directional drilling.* The deviation of a bore hole from the vertical or from its normal course in an intended predetermined direction or course with respect to the points of the compass. Directional drilling shall not include deviations made for the purpose of straightening a hole that has become crooked in a normal course of drilling or deviating a hole at random without regard to compass direction in an attempt to sidetrack a portion of the hole on account of mechanical difficulty in drilling.

Jurisdiction and Functions of Supervisor

§ 250.10 Jurisdiction.

Drilling and production operations, handling and measurement of production, determination and collection of rental and royalty, and, in general, all operations subject to the regulations in this part are under the jurisdiction of the supervisor for any district as delineated by the Director.

§ 250.11 General functions.

The supervisor is authorized to act upon the requests, applications, and notices made or given by an operator or lessee under the regulations in this part and to require

compliance with lease terms, with the regulations in this part and all other applicable regulations, and with applicable law to the end that all operations shall conform to sound conservation practice and shall be conducted in such manner as to protect the natural resources of the outer Continental Shelf and result in their maximum economic recovery. After appropriate hearings, the supervisor may establish field rules to govern the development and method of production of a pool, field, or area. The supervisory may require satisfactory evidence that a lease is in good standing, that the lessee or operator is authorized to conduct operations, and that an acceptable bond has been filed before permitting operations on the leased land.

§ 250.12 Regulation of operations.

(a) *Duties of supervisor.* The supervisor shall inspect and regulate operations under the regulations in this part and shall issue orders and rules necessary, in his judgment, to prevent damage, or waste of any natural resource, or injury to life or property.

(b) *Emergency suspensions.* The supervisor is authorized to require a lessee by written notice to suspend any operation or method of operation which endangers life or threatens immediate, serious, or irreparable damage to the leased deposits or other valuable mineral deposits.

§ 250.13 Temporary approvals.

Whenever the regulations in this part require a lessee to obtain approval of the supervisor, the lessee may make an oral or telegraphic request for such approval, and the supervisor may give such oral or telegraphic approval as may be warranted: *Provided,* That the transaction shall

forthwith be confirmed in the manner otherwise required by the regulations in this part.

§ 250.14 Samples, tests, and surveys.

(a) When deemed necessary or advisable, the supervisor is authorized to require that adequate tests or surveys be made in an acceptable manner without cost to the lessor to determine the reservoir energy; the presence, quantity, and quality of oil, gas, sulphur, other mineral deposits, or water; the amount and direction of deviation of any well from the vertical; or the formation, casing, tubing, or other pressures.

(b) The supervisor may, at the time of approval of any notice to drill or redrill any well, stipulate reasonable requirements for the taking of formation samples or cores to determine the identity and character of any formation.

§ 250.15 Drilling and abandonment of wells.

The supervisor shall demand drilling in accordance with with the terms of the lease and of the regulations in this part; and shall require plugging and abandonment, in accordance with such plan as may be approved or prescribed by him, of any well no longer used or useful, and upon failure to secure compliance with such requirement, perform the work at the expense of the lessee, expending available public funds, and submit such report as may be needed to furnish a basis for appropriate action to obtain reimbursement.

§ 250.16 Well potentials and permissible flow.

The supervisor is authorized to specify the time and method for determining the potential capacity of any well

and to fix, after appropriate notice, the permissible production of any such well that may be produced when such action is necessary to prevent waste or to conform with such proration rules, schedules, or procedures as may be established by the Secretary.

§ 250.17 Well-spacing and well-casing.

(a) The supervisor shall approve well locations and well-spacing and -casing programs determined to be necessary for the proper development of the lease, giving due consideration to the location of drilling platforms, the geological and reservoir characteristics of the field, and the number of wells that can be economically drilled.

(b) The supervisor may approve irregular spacing of wells and development plans providing for a predetermined number of wells to be drilled and abandoned when required for the proper exploration and development of sulphur deposits.

• • •

§ 250.20 Suspension of operations and production.

On receipt of an application for suspension of operations or production or for relief from any drilling or producing requirements under a lease, the supervisor shall grant such approval as he may deem warranted in the premises or reject such application, subject to the right of appeal as provided in § 250.81.

REQUIREMENTS FOR LESSEES

§ 250.30 Lease terms, regulations, waste, damage, and safety.

The lessee shall comply with the terms of the lease, with the written orders of the supervisor, and, subject to the

provisions of section 5(a) of the act, with the regulations in this part and any amendments thereof. The lessee shall take all reasonable precautions to prevent damage or waste of any natural resource or injury to life or property or the aquatic life of the seas.

§ 250.31 Designation of operator.

In all cases where operations are not conducted by the record owner but are to be conducted under authority of an unapproved operating agreement, assignment, or other arrangement, a "designation of operator" shall be submitted to the supervisor, in a manner and form approved by him, prior to commencement of operations. Such designation will be accepted as authority of operator or his local representative to fulfill the obligations of the lessee and to sign any papers or reports required under the regulations in this part. All changes of address and any termination of the authority of the operator shall be immediately reported, in writing, to the supervisor or his representative. In case of such termination or of controversy between the lessee and the designated operator, the operator, if in possession of the lease, will be required to protect the interests of the lessor.

• • •

§ 250.33 Drilling and producing obligations.

(a) The lessee shall diligently drill and produce such wells as are necessary to protect the lessor from loss by reason of production on other properties, or in lieu thereof, with the consent of the supervisor, shall pay a sum determined by the supervisor as adequate to compensate the lessor for failure to drill and produce any such well. In the event that the lease is not being maintained in force

by other production of oil or gas in paying quantities or by other approved drilling or reworking operations, such payments shall be considered as the equivalent of production in paying quantities for all purposes of the lease.

(b) The lessee shall promptly drill and produce such other wells as the supervisor may reasonably require in order that the lease may be properly and timely developed and produced in accordance with good operating practices.

§ 250.34 Drilling and development programs.

(a) Prior to the beginning of any operations on the lease, including the construction of drilling or production platforms or other structures, the lessee shall submit to the supervisor for approval an acceptable plan for the performance of such work. Such plan shall include (1) a plan of the drilling or production platform or structures, showing the location and major features thereof, (2) the proposed well-casing program for the initial well, (3) the location of the initial well (including surface and projected bottom-hole location if the well is to be directionally drilled), (4) structural interpretations based on available geological and geophysical data, and (5) such other pertinent data as the supervisor may prescribe.

(b) After a discovery has been made on the lease, the lessee shall submit to the supervisor a plan of development for the lease or field including (1) the number and location of the proposed wells (including the projected bottom-hole location for directionally drilled wells) and the approximate time for drilling each, (2) amendments or additions to the structural interpretations, (3) plans for additional drilling or producing platforms or other

structures, (4) the well-casing program for the field or area and (5) such other data as the supervisor may prescribe. Such program must be approved by the supervisor and may be modified from time to time as conditions may warrant.

(c) In order to protect the interests of the lessee, geological and geophysical interpretations required by this section shall, upon request of the lessee, be classified as not available for public inspection until such time as the supervisor determines the release of such information is required and necessary for the proper development of the field or area.

• • •

§ 250.37 Well records.

(a) The lessee shall keep on the lease, or at his headquarters for the field, or otherwise conveniently available to the supervisor, accurate and complete records of the production, drilling, redrilling, deepening, repairing, cementing, alterations to casing, plugging, abandoning, and all other well operations, including electrical or radioactive well logs and directional well surveys. The records shall show all the formations penetrated, the content and character of oil, gas, other mineral deposits, or water in each formation; the kind, weight, size, and landed depth of casing used in drilling each well on the leased lands; and any other information obtained in the course of well operations.

(b) The lessee shall, within 30 days after the completion of any well and within 30 days after the completion of any further operations on it, transmit to the supervisor copies of the records of such work on forms furnished by or acceptable to him.

(c) The lessee shall, within 30 days after the completion of electrical or radioactive well-logging operations or directional well surveys, transmit to the supervisor copies of such logs or charts. Such logs or charts may be either field copies of individual runs or composite logs of more than one run.

(d) The lessee shall also submit such other reports and records of operations as may be required and in the manner and form prescribed by the supervisor.

(e) Upon request and in the manner and form prescribed by the supervisor, the lessee shall furnish a copy of the daily drilling report, a plat showing the location, designation, and status of all wells on the leased lands, together with such other pertinent information as the supervisor may require.

(f) When deemed advisable by the supervisor, the lessee shall require each service company to furnish promptly to the supervisor legible, exact copies of reports on cementing, perforating, acidizing, or other similar services.

• • •

§ 250.40 Control of wells.

(a) The lessee shall take all reasonable precautions for keeping all wells under control at all times and shall provide at the time any well is started the proper high-pressure fittings and equipment as the supervisor may prescribe or approve. A conductor string of casing must be cemented throughout its length, and all strings of casing must be securely cemented and anchored unless other procedure is authorized or prescribed by the supervisor.

(b) The lessee shall take all reasonable precautions to prevent any well from blowing open and shall take immediate steps and exercise due diligence to bring under control any such well. Storm chokes or similar safety devices shall be installed in any well capable of flowing oil or gas: *Provided,* That if in the opinion of the Supervisor, upon a clear showing by the lessee, a storm choke or similar safety device is not needed for the protection of the well or is likely to cause damage to or loss of the well, the Supervisor is authorized to waive this requirement.

• • •

§ 250.42 Pollution.

The lessee shall not pollute the waters of the high seas or damage the aquatic life of the sea or allow extraneous matter to enter and damage any mineral- or water-bearing formation. The lessee shall dispose of all useless liquid products of wells in a manner acceptable to the supervisor.

§ 250.43 Well abandonment.

The lessee shall promptly plug and abandon any well on the leased land that is not used or useful, but no productive well shall be abandoned until its lack of capacity for further profitable production of oil, gas, or sulphur has been demonstrated to the satisfaction of the supervisor. Before abandoning a producible well, the lessee shall submit to the supervisor a statement of reasons for abandonment and his detailed plans for carrying on the necessary work. A producible well may be abandoned only after receipt of written approval by the supervisor. No well shall be plugged and abandoned until the manner and method of plugging shall be approved or prescribed by the supervisor. Equipment shall be removed, and premises

at the well-site shall be properly conditioned immediately after plugging operations are completed on any well when directed by the supervisor. Drilling equipment shall not be removed from any suspended drilling well without taking adequate measures to protect the natural resources.

§ 250.44 Accidents and fires.

The lessee shall take all reasonable precautions to prevent accidents and fires, shall immediately notify the supervisor of any serious accident or fire on the leasehold, and shall submit a full report thereon within 10 days.

§ 250.45 Workmanlike operations.

The lessee shall carry on all operations and maintain the property at all times in a safe and workmanlike manner, having due regard for the preservation and the conservation of the property and for the health and safety of employees. The lessee shall take reasonable steps to prevent accumulations of oil or other materials deemed to be fire hazards and shall promptly remove such hazardous accumulations as do occur.

• • •

§ 250.91 Sundry notices and reports on wells.

Form 9–150 covers all notices of intention and all subsequent reports pertaining to individual wells except those for which special blanks are provided. The forms may be used for any of the purposes listed thereon, or a special heading may be inserted in the blank to adapt it for use for similar purposes. Any written notice of intention to do work which has not been approved and for which approval is required or to change plans previously approved must

be filed in triplicate, unless otherwise directed, and must reach the supervisor and receive his approval before the work is begun. The lessee is responsible for receipt of the notice by the supervisor in ample time for proper consideration and action. The following paragraphs illustrate some of the uses to which Form 9–150 may be put and indicate the requirements with respect to each use.

(a) *Notice of intention to drill.* (1) The notice of intention to drill a well must be filed in triplicate on Form 9–150 with the supervisor and approval received before the work is begun. This notice, in addition to the requirements contained in § 250.34, must give the surface location and projected bottom-hole location in feet from the lease boundaries; elevation of the derrick floor; proposed depth to which the well will be drilled; the bottom-hole location; estimated depths to the top of important markers; estimated depths at which water, oil, gas, and mineral deposits are expected; the proposed casing program, including the size and weight of casing, the depth at which each string is to be set, and the amount of cement and mud to be used. Information also shall be furnished relative to the proposed plan for drilling other proposed wells from the same platform, coring at specified depths, and plans for electrical logging, together with any other information which may be required by the supervisor.

(2) Each copy of the application shall be accompanied by a plat drawn on a scale of not less than 2,000 feet to the inch, showing surface and subsurface location of the well to be drilled and all wells theretofore drilled.

(b) *Notice of intention to change the condition of a well.* Before repairing (other than work incidental to ordinary well operation), acidizing or stimulating production by

other methods, deepening, perforating, plugging back, sidetracking, squeezing with mud or cement, or commencing any operations that will alter the condition of a completed well or productive horizon other than previously reported, a detailed written statement of the plan of work must be filed in triplicate with the supervisor on Form 9–150 and approval obtained before the work is started. This requirement shall not deter any operator from taking immediate action in an emergency to prevent damage.

(c) *Subsequent report of changing the condition of a well.* Within 30 days after the completion of any work described in paragraph (b) of this section, a detailed report of the work done and the results obtained shall be filed in duplicate with the supervisor. Such report shall show the amount of production of oil, gas, and water before and after the work was completed and shall also include a complete statement of the work accomplished and the methods employed, including all dates. Reports of work done by service companies, unless previously furnished the supervisor, shall be submitted with subsequent reports.

(d) *Notice of intention to abandon well.* Before beginning abandonment work on any well, whether a drilling well, a depleted producing well, or a dry hole, notice of intention to abandon shall be filed in triplicate with the supervisor, and approval obtained before the work is started. The notice, as to a producible well, must show the reason for abandonment and the amount and date of last production, and as to any well must give a detailed statement of the proposed work, including such information as kind, location, and length of plugs (by depths), and plans for mudding, cementing, shooting, testing, removing casing, and other pertinent information.

(e) *Subsequent report of abandonment.* After a well is abandoned or plugged, a subsequent record of work done must be filed with the supervisor. This report shall be filed separately within 30 days after the work is done. The report shall give a detailed account of the manner in which the abandonment or plugging work was carried out, including the nature and quantities of materials used in plugging and the location and extent (by depths) of the plugs of different materials; records of any tests or measurements made and of the amount, size, and location (by depths) of casing left in the well; and a detailed statement of the volume of mud fluid used and the pressure attained in mudding. If an attempt was made to part any casing, a complete report of the methods used and results obtained must be included.

§ 250.92 Log and history of well.

The lessee shall furnish in duplicate, on Form 9-151, to the supervisor, not later than 30 days after the completion of each well, a complete and accurate log and history, in chronologic order, of all operations conducted on the well. If a log is compiled for geologic information from cores or formation samples, duplicate copies of such log shall be filed in addition to the regular log. Duplicate copies of all electric logs, temperature surveys, or direction surveys shall be furnished. The lessee shall require the drillers to record pertinent information obtained in drilling the well.

§ 250.93 Monthly report of operations.

A separate report of operations for each lease must be made on Form 9-152 for each calendar month, beginning

with the month in which drilling operations are initiated, and must be filed in duplicate with the supervisor on or before the 20th day of the succeeding month, unless an extension of time for the filing of such report is granted by the supervisor. The report on this form shall disclose accurately all operations conducted on each well during each month, the status of operations on the last day of the month, and a general summary of the status of operations on the leased lands, and the report must be submitted each month until the lease is terminated or until omission of the report is authorized by the supervisor. It is particularly necessary that the report shall show for each calendar month:

(a) Each well listed separately by number and its location shown if possible.

(b) The number of days each well produced, whether oil or gas, and the number of days each input well was in operation.

(c) The quantity of oil, gas, and water produced; the total amount of gasoline and other lease products recovered; and other required information. When oil and gas, or oil, gas, and gasoline, or other hydrocarbons are concurrently produced from the same lease, separate reports on this form should be submitted for oil and gas and gasoline, unless otherwise authorized or directed by the supervisor.

(d) the depth of each active or suspended well; the name, character, and depth of each formation drilled during the month; the date each such depth was reached; the date and reason for every shutdown; the names and depths

of important formation changes and contents of formations; the amount and size of any casing run since last report; the dates and results of any tests such as production, water shutoff, or gasoline content; and any other noteworthy information on operations not specifically provided for in the form.

(e) If no runs or sales were made during the calendar month, the report must so state.

• • •

Mineral Leases Affected By Section 6 of Outer Continental Shelf Lands Act

§ 250.100 Effect of regulations on provisions of lease.

(a) As contemplated by section 6(b) of the act, the regulations in this part will supersede the provisions of any lease which is determined to meet the requirements of section 6(a) of the act, to the extent that they cover the same subject matter, with the following exceptions: The provisions of a lease with respect to the area covered by the lease, the minerals covered by the lease, the rentals payable under the lease, the royalties payable under the lease (subject to the provisions of sections 6 (a) (8) and 6 (a) (9) of the act), and the term of the lease (subject to the provisions of section 6 (a) (10) of the act and, as to sulphur, subject to the provisions of section 6(b) (2) of the act) shall continue in effect and, in the event of any conflict or inconsistency, shall take precedence over the regulations in this part.

(b) A lease that meets the requirements of section 6 (a) of the act shall also be subject to the mineral leasing regulations applicable to the outer Continental Shelf, as well

as the regulations relating to geophysical and geological exploratory operations and to pipeline rights-of-way in the outer Continental Shelf, to the extent that those regulations are not contrary to or inconsistent with the provisions of the lease relating to the area covered, the minerals covered, the rentals payable, the royalties payable, and the terms of the lease.

Appendix G

30 C.F.R. § 250.42

(As Amended on February 17, 1969; *see* Px 542.)*

§ 250.42 Pollution.

(a) The lessee shall not pollute the waters of the high seas or damage the aquatic life of the sea or allow extraneous matter to enter and damage any mineral- or water-bearing formation. The lessee shall dispose of all useless liquid products of wells in a manner acceptable to the supervisor.

(b) If the waters of the high seas are polluted by the drilling or production operations of the lessee, and such pollution damages or threatens to damage aquatic life, wildlife, or public or private property, the control and removal of the pollutant and the reparation of any damage, to whomsoever occurring, proximately resulting therefrom shall be at the expense of the lessee, and on failure of the lessee to control and remove the pollutant the Supervisor, in cooperation with other appropriate agencies of the Federal, State, and local governments, or in cooperation with the lessee, or both, shall have the right to accomplish the control and removal of the pollutant at the cost of the lessee, but such action shall not relieve the lessee of responsibility for reparation of damages as provided herein.

* Published in 34 FED. REG. 2503 (1969).

Appendix H

RELEVANT PROVISIONS OF 30 C.F.R. Part 250

(As Amended on August 22, 1969; *see* Dx 74.)*

§ 250.1 Purpose and authority.

The Outer Continental Shelf Lands Act enacted on August 7, 1953 (67 Stat. 462), referred to in this part as "the act," authorizes the Secretary of the Interior at any time to prescribe and amend such rules and regulations, to be applicable to all operations conducted under a lease issued or maintained under the provisions of the act, as he determines to be necessary and proper to provide for the prevention of waste and conservation of the natural resources of the Outer Continental Shelf, and the protection of correlative rights therein. Subject to the supervisory authority of the Secretary of the Interior, the regulations in this part shall be administered by the Director of the Geological Survey through the Chief, Conservation Division.

§ 250.2 Definitions.

The following terms as used in the regulations in this part shall have the meaning here given:

(a) *Secretary.* The Secretary of the Interior.

(b) *Director.* The Director of the Geological Survey, Washington, D. C., having administrative direction of the enforcement of the regulations in this part.

(c) *Supervisor.* A representative of the Secretary, under administrative direction of the Director, through the

* Published in 34 FED. REG. 13,554 (1969). Only those sections of 30 C.F.R. Part 250 appearing in Appendix F which were amended in August 1969 are shown here.

Chief, Conservation Division, Geological Survey, authorized and empowered to regulate operations and to perform other duties prescribed in the regulations in this part, or any subordinate of such representative acting under his direction.

(d) *Outer Continental Shelf.* All submerged lands (1) which lie seaward and outside of the area of lands beneath navigable waters as defined in the Submerged Lands Act (67 Stat. 29) and (2) of which the subsoil and seabed appertain to the United States and are subject to its jurisdiction and control.

(e) *Lease.* The contract or agrement under which the leasehold rights are held by the lessee, or the land covered by the contract or agreement, whichever is required by the context.

(f) *Lessee.* The party authorized by a lease, or an approved assignment thereof, to develop and produce the leased deposits in accordance with the regulations in this part, including all parties holding such authority by or through him.

(g) *Operator.* The individual, partnership, firm, or corporation having control or management of operations on the leased land or a portion thereof. The operator may be a lessee, designated agent of the lessee, or holder of rights under an approved operating agreement.

(h) *Waste of oil and gas.* Waste means and includes (1) physical waste as that term is generally understood in the oil and gas industry; (2) the inefficient, excessive, or improper use of, or the unnecessary dissipation of reservoir energy; (3) the locating, spacing, drilling, equipping, operating, or producing of any oil or gas well or wells in a manner which causes or tends to cause reduction in the

quantity of oil or gas ultimately recoverable from a pool under prudent and proper operations or which causes or tends to cause unnecessary or excessive surface loss or destruction of oil or gas; (4) the inefficient storage of oil; and (5) the production of oil or gas in excess of transportation or marketing facilities or in excess of reasonable market demand.

(i) *Directional drilling.* The deviation of a bore hole from the vertical or from its normal course in an intended predetermined direction or course with respect to the points of the compass. Directional drilling shall not include deviations made for the purpose of straightening a hole that has become crooked in a normal course of drilling or deviating a hole at random without regard to compass direction in an attempt to sidetrack a portion of the hole on account of mechanical difficulty in drilling.

(j) *OCS Order.* A formal numbered order issued by the supervisor and available in his office, with the prior approval of the Chief, Conservation Division, Geological Survey, that implements the regulations in this part and applies to operations in a region or a major portion thereof.

(k) *Pollution Contingency Plan.* The National Multi-Agency Oil and Hazardous Materials Pollution Contingency Plan cosigned by the Department of the Interior, Department of Transportation, Department of Defense, Department of Health, Education, and Welfare, and the Office of Emergency Preparedness and administered by the Secretary of the Interior, or any successor plan thereto.

§ 250.10 Jurisdiction.

Subject to the supervisory authority of the Secretary and the Director, drilling and production operations, handling and measurement of production, determination and collection of rental and royalty, and, in general, all operations conducted on a lease by or on behalf of a lessee are subject to the regulations in this part, and are under the jurisdiction of the supervisor for any region as delineated by the Director.

§ 250.11 General functions.

The supervisor is authorized and directed to act upon the requests, applications, and notices submitted under the regulations in this part and to require compliance with applicable laws, the lease terms, applicable regulations, and OCS Orders to the end that all operations shall be conducted in a manner which will protect the natural resources of the Outer Continental Shelf and result in the maximum economic recovery of the mineral resources in a manner compatible with sound conservation practices. Subject to the approval of the Chief, Conservation Division, Geological Survey, the supervisor may issue OCS Orders implementing the requirements of the regulations of this part when such implementations apply to an entire region or a major portion thereof. The supervisor may issue written or oral orders to govern lease operations. Oral orders shall be confirmed in writing by the supervisor as promptly as possible. The supervisor may issue other orders, and rules to govern the development and method of production of a pool, field, or area. Prior to the issuance of OCS Orders and other orders and rules, the supervisor may consult with, and receive comments from, lessees, operators, and other interested parties. Before permitting operations on the leased land, the supervisor may require evidence that a lease is in good standing,

that the lessee is authorized to conduct operations, and that an acceptable bond has been filed.

§ 250.12 Regulation of operations.

(a) *Duties of supervisor.* The supervisor in accordance with the regulations in this part shall inspect and regulate all operations and is authorized to issue OCS Orders and other orders and rules necessary for him to effectively supervise operations and to prevent damage to, or waste or, any natural resource, or injury to life or property. The supervisor shall receive, and shall, when in his judgment it is necessary, consult with or solicit advice from lessees, field officials of interested Departments and agencies, including the Fish and Wildlife Service, Federal Water Pollution Control Administration, Bureau of Land Management, Coast Guard, Department of Defense, Corps of Engineers, and representatives of State and local governments.

(b) *Departures from orders.* (1) The supervisor may prescribe or approve in writing, or orally with written confirmation, minor departures from the requirements of OCS Orders and other orders and rules issued pursuant to (a) of this section, when such departures are necessary for the proper control of a well, conservation of natural resources, protection of aquatic life, protection of human health and safety, property, or the environment.

(2) All requests or recommendations for major departures from the requirements of OCS Orders, whether on an individual well or field basis, shall be approved by the Chief, Conservation Division.

(c) *Emergency suspensions.* The supervisor is authorized, either in writing or orally with written confirmation,

to suspend any operation, including production, which in his judgment threatens immediate, serious, or irreparable harm or damage to life, including aquatic life, to property, to the leased deposits, to other valuable mineral deposits or to the environment. Such emergency suspension shall continue until in his judgment the threat or danger has terminated.

(d) *Other suspensions.* (1) In addition to the provisions of section 12 (c) and (d) of the act providing for suspension of operations and production, in the interest of conservation the supervisor may direct or, at the request of a lessee, may approve the suspension of operations or production, or both, including the approval of suspension of production for (i) leases on which a well has been drilled and determined by the supervisor to be capable of being produced in paying quantities and thereafter temporarily abandoned or permanently plugged and abandoned to facilitate proper development of the lease, and (ii) leases on which a well has been drilled and determined by the supervisor to be capable of being produced in paying quantities, but which cannot be produced because of the lack of transportation facilities. Suspensions of operations or production, or both, may be approved for an initial period, not exceeding 2 years, and for succeeding periods, not exceeding 1 year each.

(2) As to any leases maintained under section 6 of the act covering minerals in addition to oil and gas, the supervisor may suspend operations separately as to oil and gas or as to any other mineral designated in the suspension, order, or grant.

(3) The supervisor is authorized by written notice to the lessee to suspend any operation, including production,

for failure to comply with applicable law, the lease terms, the regulations in this part, OCS orders, or any other written order or rule including orders for filing of reports and well records or logs within the time specified.

(e) *Reduction of rental and royalty.* In order to increase the ultimate recovery of minerals and in the interest of conservation, the Director of the Geological Survey, whenever he determines it necessary to promote development or finds that a lease cannot be successfully operated under the terms provided therein, may reduce the rental, minimum royalty, or royalty on the entire leasehold, or on any deposit, tract, or portion thereof segregated for royalty purposes. An application for any of the above relief shall be filed in triplicate with the Director of the Geological Survey. It must contain the serial number of the lease; the name of the record title holder; a description of the area included in the lease; the number, location, and status of each well that has been drilled; a tabulated statement for each month, covering a period of not less than 6 months prior to the date of filing the application of the aggregate amount of minerals subject to royalty computed in accordance with the lease and applicable regulations. Every application must also contain a detailed statement of expenses and costs of operating the entire lease and of the income from the sale of any leased products and all facts tending to show whether the wells or workings can be successfully operated upon the rental or royalty fixed in the lease. Where the application is for a reduction of royalty, full information shall be furnished as to whether royalties or payments out of production are paid to others than the United States, the amounts so paid, and efforts made to reduce them. The applicant must also file agreements of the holders of the lease and of royalty holders to a permanent reduction of all other royalties from the leasehold to an aggregate not in excess of one half the Government royalties.

• • •

§ 250.17 Well locations and spacing.

The supervisor is authorized to approve well locations and well spacing programs necessary for proper development giving consideration to such factors as the location of drilling platforms, the geological and reservoir characteristics of the field, the number of wells that can be economically drilled, the protection of correlative rights, and minimizing unreasonable interference with other uses of the Outer Continental Shelf area.

• • •

[Former § 250.20 Eliminated]

REQUIREMENTS FOR LESSEES

§ 250.30 Lease terms, regulations, waste, damage and safety.

The lessee shall comply with the terms of applicable laws and regulations, the lease terms, OCS Orders and other written orders and rules of the supervisor, and with oral orders of the supervisor. All such oral orders shall be effective when issued, and are to be confirmed in writing as provided in § 250.11. The lessee shall take all necessary precautions to prevent damage to or waste of any natural resource or injury to life, or property, or the aquatic life of the seas.

• • •

§ 250.34 Drilling and development programs.

(a) *Exploratory drilling plan.* Prior to commencing each exploratory drilling program on a lease, including

the construction of platforms, the lessee shall submit a plan to the supervisor for approval. Each plan for the leased area shall include (1) a description of drilling vessels, platforms, or other structures showing the location, the design, and the major features thereof, including features pertaining to pollution prevention and control; (2) the general location of each well including surface and projected bottom hole location for directionally drilled wells; (3) structural interpretations based on available geological and geophysical data; and (4) such other pertinent data as the supervisor may prescribe.

(b) *Development plan.* Prior to commencing each development program on a lease, the lessee shall submit a plan to the supervisor for approval. The plan shall include all information specified in paragraph (a) of this section in detail.

(c) *Drilling applications.* Prior to commencing drilling operations either under an exploratory or development plan, the lessee shall submit an Application for Permit to Drill (Form 9 331C) to the supervisor for approval. The application shall include the integrated blowout prevention, mud, casing, and cementing program for the well, and shall meet the requirements specified in § 250.41(a) and contain the information specified in § 250.91(a), and shall conform with the approved exploratory or development plan.

(d) *Modifications.* The lessee shall submit (1) All requests for modifications of an approved exploratory or development plan in writing to the supervisor for approval; and (2) all notices of changes to plans set forth in the approved Application for Permit to Drill on Sundry Notices and Reports on Wells (Form 9-331) except that

these requirements shall not relieve the lessee from taking appropriate action to prevent or abate damage, waste, or pollution of any natural resource or injury to life or property.

• • •

§ 250.38 Well records.

(a) The lessee shall keep for each well at his field headquarters or at other locations conveniently available to the supervisor, accurate and complete records of all well operations including production, drilling, logging, directional well surveys, casing, perforating, safety devices, redrilling, deepening, repairing, cementing, alterations to casing, plugging, and abandoning. The records shall contain a description of any unusual malfunction, condition or problem; all the formations penetrated; the content and character of oil, gas, and other mineral deposits, and water in each formation; the kind, weight, size, grade, and setting depth of casing; and any other pertinent information.

(b) Upon request of the supervisor, the lessee shall immediately transmit copies of records of any of the well operations specified in paragraph (a) of this section; however, in any event the lessee shall, within 30 days after completion of any well, transmit to the supervisor copies of the records of all operations (except logging) in duplicate on or attached to Form 9-330, except that when operations are suspended the lessee shall transmit copies of the records of all operations conducted thereon to the supervisor within 30 days after the suspension; and within 30 days after the suspension or completion of any further operations, including those described in § 250.92, the lessee shall transmit to the supervisor copies of the rec-

ords of such operations in duplicate on or attached to Form 9-330 or Form 9-331, as appropriate.

(c) Upon request by the supervisor, the lessee shall submit paleontological reports identifying microscopic fossils by depth (not the resulting interpretations based upon such identifications) unless washed well samples normally maintained by the lessee for paleontological determinations are made available to the supervisor for inspection.

(d) Upon request of the supervisor, the lessee shall immediately transmit copies (field or final prints of individual runs) of logs or charts of electrical, radioactive, sonic, and other well logging operations and directional well surveys. Composite logs of multiple runs and directional well surveys shall be transmitted to the supervisor in duplicate as soon as available, but not later than 30 days after completion of such operations for each well.

(e) Upon request of and in the manner and form prescribed by the supervisor, the lessee shall furnish copies of the daily drilling report and a plat showing the location, designation, and status of all wells on the leased lands.

(f) Upon request of the supervisor, the lessee shall furnish legible, exact copies of service company reports on cementing, perforating, acidizing, analyses of cores, or other similar services.

(g) The lessee shall submit any other reports and records of operations when required and in the manner and form prescribed by the supervisor.

• • •

§ 250.41 Control of wells.

(a) *Drilling wells.* The lessee shall take all necessary precautions to keep all wells under control at all times,

shall utilize only personnel trained and competent to drill and operate such wells, and shall utilize and maintain materials and high-pressure fittings and equipment necessary to insure the safety of operating conditions and procedures. The design of the integrated casing, cementing, drilling mud, and blowout prevention program shall be based upon sound engineering principles, and must take into account the depths at which various fluid or mineral-bearing formations are expected to be penetrated, and the formation fracture gradients and pressures expected to be encountered, and other pertinent geologic and engineering data and information about the area.

(1) *Well casing and cementing.* The lessee shall case and cement all wells with a sufficient number of strings of casing in a manner necessary to: (i) Prevent release of fluids from any stratum through the well bore (directly or indirectly) into the sea; (ii) prevent communication between separate hydrocarbon bearing strata (except such strata approved for commingling) and between hydrocarbon and water-bearing strata; (iii) prevent contamination of fresh water strata, gas, or water; (iv) support unconsolidated sediments; and (v) otherwise provide a means of control of the formation pressures and fluids. The lessee shall install casing necessary to withstand collapse, bursting, tensile, and other stresses and the casing shall be cemented in a manner which will anchor and support the casing. Safety factors in casing program design shall be of sufficient magnitude to provide optimum well control while drilling and to assure safe operations for the life of the well. When directed by the supervisor, the lessee shall install structural or drive casing to provide hole stability for the initial drilling operation. A conductor string of casing (the first string run other than any struc-

tural or drive casing) must be cemented with a volume of cement sufficient to circulate back to the sea floor, however, if authorized by OCS Order or the supervisor, cement may be washed out or displaced to a specified depth below the sea floor to facilitate casing removal upon well abandonment. All subsequent strings must be securely cemented.

(2) *Drilling mud.* The lessee shall maintain readily accessible for use quantities of mud sufficient to insure well control. The testing procedures, characteristics, and use of drilling mud and the conduct of related drilling procedures shall be such as are necessary to prevent blowouts. Mud testing equipment and mud volume measuring devices shall be maintained at all times, and mud tests shall be performed frequently and recorded on the driller's log as prescribed by the supervisor.

(3) *Blowout prevention equipment.* The lessee shall install, use, and test blowout preventers and related well-control equipment in a manner necessary to prevent blowouts. Such installation, use and testing must meet the standards or requirements prescribed by the supervisor; provided, however, in no event shall the lessee conduct drilling below the conductor string of casing until the installation of at least one remotely controlled blowout preventer and equipment for circulating drilling fluid to the drilling structure or vessel. Blowout preventers and related well-control equipment shall be pressure tested when installed, after each string of casing is cemented, and at such other times as prescribed by the supervisor. Blowout preventers shall be activated frequently to test for proper functioning as prescribed by the supervisor. All blowout-preventer tests shall be recorded on the drillers log.

(b) *Completed wells.* In the conduct of all its operations, the lessee shall take all steps necessary to prevent blowouts, and the lessee shall immediately take whatever action is required to bring under control any well over which control has been lost. The lessee shall: (1) In wells capable of flowing oil or gas, when required by the supervisor, install and maintain in operating condition storm chokes or similar subsurface safety devices; (2) for producing wells not capable of flowing oil or gas, install and maintain surface safety valves with automatic shutdown controls; and (3) periodically test or inspect such devices or equipment as prescribed by the supervisor.

• • •

§ 250.43 Pollution and waste disposal.

(a) The lessee shall not pollute land or water or damage the aquatic life of the sea or allow extraneous matter to enter and damage any mineral- or water-bearing formation. The lessee shall dispose of all liquid and nonliquid waste materials as prescribed by the supervisor. All spills or leakage of oil or waste materials shall be recorded by the lessee and, upon request of the supervisor, shall be reported to him. All spills or leakage of a substantial size or quantity, as defined by the supervisor, and those of any size or quantity which cannot be immediately controlled also shall be reported by the lessee without delay to the supervisor and to the Coast Guard and the Regional Director of the Federal Water Pollution Control Administration. All spills or leakage of oil or waste materials of a size or quantity specified by the designee under the pollution contingency plan shall also be reported by the lessee without delay to such designee.

(b) If the waters of the sea are polluted by the drilling or production operations conducted by or on behalf of the

lessee, and such pollution damages or threatens to damage aquatic life, wildlife, or public or private property, the control and total removal of the pollutant wheresoever found, proximately resulting therefrom shall be at the expense of the lessee. Upon failure of the lessee to control and remove the pollutant, the supervisor, in cooperation with other appropriate agencies of the Federal, State and local governments, or in cooperation with the lessee, or both, shall have the right to accomplish the control and removal of the pollutant in accordance with any established contingency plan for combating oil spills or by other means at the cost of the lessee. Such action shall not relieve the lessee of any responsibility as provided herein.

(c) The lessee's liability to third parties, other than for cleaning up the pollutant in accordance with paragraph (b) of this section shall be governed by applicable law.

§ 250.44 Well abandonment.

The lessee shall promptly plug and abandon any well on the leased land that is not used or useful, but no productive well shall be abandoned until its lack of capacity for further profitable production of oil, gas, or sulphur has been demonstrated to the satisfaction of the supervisor. Before abandoning a producible well, the lessee shall submit to the supervisor a statement of reasons for abandonment and his detailed plans for carrying on the necessary work. A producible well may be abandoned only after receipt of written approval by the supervisor. No well shall be plugged and abandoned until the manner and method of plugging shall be approved or prescribed by the supervisor. Equipment shall be removed, and premises at the well-site shall be properly conditioned immediately after plugging operations are completed on any well when

directed by the supervisor. Drilling equipment shall not be removed from any suspended drilling well without taking adequate measures to protect the natural resources.

§ 250.45 Accidents, fires, and malfunctions.

In the conduct of all its operations, the lessee shall take all steps necessary to prevent accidents and fires, and the lessee shall immediately notify the supervisor of all serious accidents and all fires on the lease, and shall submit in writing a full report thereon within 10 days. The lessee shall notify the supervisor within 24 hours of any other unusual condition, problem, or malfunction.

§ 250.46 Workmanlike operations.

The lessee shall perform all operations in a safe and workmanlike manner and shall maintain equipment for the protection of the lease and its improvements, for the health and safety of all persons, and for the preservation and conservation of the property and the environment. The lessee shall take all necessary precautions to prevent and shall immediately remove any hazardous oil and gas accumulations or other health, safety or fire hazards.

• • •

§ 250.91 Application for permit to drill, deepen, or plug back.

Applications for permits to drill, deepen, or plug back must be filed in triplicate on Form 9-331C. Prior to commencing such operations approval in writing must be received from the supervisor.

(a) *Application for permit to drill.* (1) The application must give the surface location and projected bottom-hole

location in feet from the lease boundaries; elevation of the derrick floor; water depth; depth to which the well is proposed to be drilled; estimated depths to the top of significant markers; depths at which water, oil, gas, and mineral deposits are expected; the proposed blowout prevention and casing program, including the size, weight, grade, and setting depth of casing, and the quantity of cement to be used, together with all other information specified on Form 9-331C. Information also shall be furnished relative to the proposed plan for drilling other wells from the same platform, for coring at specified depths, and for electrical and other logging, together with any other information required by the supervisor.

(2) At least two copies of the application shall be accompanied by: (i) A certified plat drawn to a scale of 2,000 feet to the inch, showing surface and subsurface location of the well to be drilled and all wells theretofore drilled in the vicinity for which information is available, and (ii) information specified in § 250.34 to the extent not included in the application or previously furnished (reference must be made thereto).

(b) *Application for permit to deepen or plug back.* The application must describe fully: (1) The present status of the well including the production string or last string of casing, well depth, present productive zones and productive capability, and other pertinent matters; and (2) the details of the proposed work and the necessity therefor.

§ 250.92 Sundry notices and reports on wells.

All notices of intention to fracture, treat, acidize, repair, multiple complete, abandon, change plans, and for other similar purposes, and all subsequent reports pertaining

to such operations shall be submitted on Form 9-331 in triplicate in accordance with § 250.38(b). Prior to commencing such operations approval must be received from the supervisor in writing.

(a) *Notice of intention to change the condition of a well.* Form 9-331 shall contain a detailed statement of the proposed work for repairing (other than work incidental to ordinary well operation), acidizing or stimulating production by other methods, perforating, sidetracking, squeezing with mud or cement, or commencing any operations that will materially change the approved program for drilling a well or alter the condition of a completed well other than those operations covered by § 250.91.

(b) *Subsequent report of changing the condition of a well.* Form 9-331 shall contain a detailed report of all work done and the results obtained. The report shall set forth the amount and rate of production of oil, gas, and water before and after the work was completed and shall include a complete statement of the dates on which the work was accomplished and the methods employed.

(c) *Notice of intention to abandon well.* Form 9-331 shall contain a detailed statement of the proposed work for abandonment of any well, including a drilling well, a depleted producing well, an injection well, or a dry hole. The statement as to a producible well shall set forth the reasons for abandonment and the amount and date of last production and, as to all wells, shall describe the proposed work, including kind, location, and length of plugs (by depths), and plans for mudding, cementing, shooting, testing, removing casing, and other pertinent information.

(d) *Subsequent report of abandonment.* Form 9-331 shall contain a detailed report of the manner in which the

abandonment or plugging work was accomplished, including the nature and quantities of materials used in plugging and the location and extent (by depths) of casing left in the well; and the volume of mud fluid used. If an attempt was made to part any casing, a description of the methods used and results obtained must be included.

§ 250.93. Monthly report of operations.

A separate report of operations for each lease must be made on Form 9–152 for each calendar month beginning with the month in which drilling operations are initiated, and must be filed in duplicate with the supervisor on or before the 20th day of the succeeding month, unless an extension of time for the filing of such report is granted by the supervisor. The report on this form shall disclose accurately all operations conducted on each well during each month, the status of operations on the last day of the month, and a general summary of the status of operations on the leased lands, and the report must be submitted each month until the lease is terminated or until omission of the report is authorized by the supervisor. It is particularly necessary that the report shall show for each calendar month:

(a) Each well listed separately by number and its location shown if possible.

(b) The number of days each well produced, whether oil or gas, and the number of days each input well was in operation.

(c) The quantity of oil, gas, and water produced; the total amount of gasoline and other lease products recovered; and other required information. When oil and gas, or oil, gas, and gasoline, or other hydrocarbons are

concurrently produced from the same lease, separate reports on this form should be submitted for oil and gas and gasoline, unless otherwise authorized or directed by the supervisor.

(d) The depth of each active or suspended well; the name, character, and depth of each formation drilled during the month; the date each such depth was reached; the date and reason for every shutdown; the names and depths of important formation changes and contents of formations; the amount and size of any casing run since last report; the dates and results of any tests such as production, water shutoff, or gasoline content; and any other noteworthy information on operations not specifically provided for in the form.

(e) If no runs or sales were made during the calendar month, the report must so state.

§ 250.95 Well completion or recompletion report and log.

All reports and logs of well completions or recompletions shall be submitted on or attached to Form 9-330 in duplicate in accordance with § 250.38(b). The form shall contain a complete and accurate log and report of all operations conducted on the well as specified on the form. Duplicate copies of logs that may have been compiled for geologic information from cores or formation samples shall be filed in addition to the regular log. Geologic markers and all important zones of porosity and contents thereof; cored intervals; and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries shall be shown as provided therefor on Form 9-330 or on attachments thereto.

Appendix H

If not previously furnished, duplicate copies of composites of multiple runs of all well bore surveys, including electric, radioactive, sonic and other logs, temperature surveys, and directional surveys shall be attached. (Such copies are in addition to field prints filed pursuant to § 250.38(d).)

Appendix I

OCS Order Number 2,
(March 31, 1965; *see* Px 532.)

Notice to Lessees and Operators of Federal Leases in the Outer Continental Shelf, Pacific Region

Minimum Casing, Cement and Blowout Preventers for Drilling in the Outer Continental Shelf

The Leasing and Operating Regulations for the submerged lands of the Outer Continental Shelf provide:

> "30 CFR 250.40 *Control of Wells.* (a) The lessee shall take all reasonable precautions for keeping all wells under control at all times and shall provide at the time any well is started the proper high-pressure fittings and equipment as the supervisor [Regional Oil and Gas Supervisor of the Geological Survey] may prescribe or approve. A conductor string of casing must be cemented throughout its length, and all strings of casing must be securely cemented and anchored unless other procedure is authorized or prescribed by the supervisor. (b) The lessee shall take all reasonable precautions to prevent any well from blowing open and shall take immediate steps and exercise due diligence to bring under control any such well."

Each Notice of Intention to Drill (Form 9-331-C) submitted for approval shall include the casing and blowout preventer program for the well which shall comply with the minimum requirements as listed below.

For the purpose of this Order the several casing strings in sequence of normal installation are conductor casing,

surface casing, intermediate casing(s), and production casing.

CONDUCTOR CASING

The conductor casing shall be set at a minimum depth of 300 feet below the ocean floor and in no event at a greater depth than 500 feet, unless specific justification is made for approval, prior to drilling below such 500-foot depth and cemented with a volume of cement sufficient to bring the top of the cement to the surface of the ocean floor.

SURFACE CASING

Surface casing shall be set at a depth below the ocean floor not exceeding 3,500 feet and shall be cemented prior to drilling below such depth. The minimum depths for surface casing are as follows:

Proposed Total Depth of Well	*Minimum Surface Casing*
to 7000′	25% of proposed total depth of well.
7000-10,000′	2000′
Below 10,000′	2500′

The above casing shall be cemented with a volume of cement sufficient to obtain cement return to a point in the annulus level with the ocean floor. A temperature or cement bond survey will be run for the full length of the casing except where good cement returns are observed or where the operator squeezes the shoe of the casing either by drilling out and squeezing, or squeezing through holes at an interval of competent formation.

INTERMEDIATE CASING

Intermediate casing shall be set and cemented when required by well conditions. When this string of casing is used, sufficient cement shall be used to cover or isolate all zones indicated to contain oil or gas behind the pipe. When a liner is utilized as an intermediate string, sufficient pipe overlap and cementing procedure shall be used to insure a seal between the liner top and next higher string.

PRODUCTION CASING

Production casing shall be cemented in all wells prior to completion as a producer, unless approved for completion as a "tubingless completion." The production string shall be cemented in a manner which shall cover or isolate all zones indicated to contain oil or gas, but in any case not less than the volume of cement required for 500 feet of annular fill above the casing shoe shall be used. The Notice of Intention to Drill shall contain operator's statement to the effect that all zones indicated to contain oil or gas shall be protected by the production casing cement. When a liner is utilized as production casing, a seal between the liner top and next higher string is required as in the case of Intermediate liners. When Intermediate casing is utilized as production casing, it shall conform in all respects to the requirements for production casing.

BLOWOUT PREVENTERS

Before drilling below the conductor casing at least one remotely controlled blowout preventer will be installed

with provisions for circulating the drilling fluid to the drilling structure.

The blowout preventer equipment while drilling below the surface casing shall include a minimum of (a) three remotely controlled blowout preventers of adequate capacity, including one equipped with pipe rams and one with blind rams; (b) a drilling spool with side outlets if side outlets are not provided in the blowout preventer body; (c) a manifold; and (d) a "fill-up" line.

All blowout preventers will be actuated and/or tested frequently and not less than once each week while drilling. Blowout preventer assembly shall be fully tested at the time each string of casing is cemented. Specific blowout preventer tests will be entered into driller's log of the well.

Any deviation from this program must be justified to and approved by the Geological Survey on an individual well or field basis. The Geological Survey may require deviation from this program when, in its opinion, such deviation is necessary for the proper control of a well.

Appendix J

OCS Order Number 10,

(March 28, 1969; *see* Dx 70.)

Notice to Lessees and Operators of Leases in the Outer Continental Shelf, Pacific Region

Order Regarding Drilling and Other Operating Procedures Off California

1. The applicability of OCS Order No. 2, March 31, 1965, to operations off California is terminated and the following requirements substituted therefor. Each Application to Drill (Form 9-331-C) submitted for approval shall include the casing, cement, mud, and blowout preventer programs for the well which shall comply with these requirements. All approvals required herein shall be granted in accordance with 30 CFR 250.

A. *Well Casing and Cementing.* All wells shall be cased and cemented in a manner which will prevent communication between separate fluid-bearing strata through the well bore, directly or indirectly, except hydrocarbon bearing zones to be commingled, and will prevent release of fluids or hydrocarbons from any stratum through the well bore, directly or indirectly, into the ocean. Casing strings shall be installed in sufficient number and be of adequate size, strength, and of suitable material to withstand collapse, bursting, tensile, and other stresses.

Casing program design safety factors shall be of sufficient magnitude to provide optimum protection while drilling and to assure safe operations for the life of the well.

Appendix J

For the purpose of this Order, the several casing strings in sequence of normal installations are drive or structural casing, conductor casing, surface casing(s), intermediate casing, and production casing. All depths refer to true vertical depth (TVD).

(1) *Drive or Structural Casing.* This casing shall extend to a depth of approximately 100 feet below the ocean floor to provide hole stability for initial drilling operations. This casing may be set by driving or drilling in to this depth. If drilled in, this string of casing shall be cemented with a volume sufficient to circulate back to the ocean floor. In case this string is set by drilling, the drilling fluid shall be limited to ocean water to avoid pollution. This casing may be omitted on fixed platforms if there is geological evidence that hydrocarbons will not be encountered while drilling the hole for the conductor casing and is not needed for hole stability.

(2) *Conductor Casing (First String).* This casing shall be set before drilling into shallow formations known to contain oil or gas or, if unknown, upon encountering such formations. Conductor casing ordinarily shall extend to a minimum depth of 300 feet or to a maximum depth of 500 feet below the ocean floor or to such greater depth as may be necessary to extend into a competent (consolidated) formation. The casing shall be cemented with a volume sufficient to circulate back to the ocean floor.

Appendix J

(3) *Surface Casing—General Principles.* Surface casing shall be set in a manner which will protect fresh water sands and well control until the next string of casing is set. Determination of proper surface casing setting depth shall be based on all geologic factors including the presence or absence of hydrocarbons in the interval above the surface casing setting depth and water depth on a well-for-well basis. The surface casing setting depth and that of subsequent casing strings shall take into account formation fracture gradients and hydrostatic pressure to be contained within the well bore.

(i) *Surface Casing (Second String).* The second string of casing ordinarily shall extend to a minimum depth of 1,000 feet or to a maximum of 1,200 feet below the ocean floor, but may extend to a greater or lesser depth as may be required in order to set casing into a competent bed. In the event conductor casing is set at least 450 feet below the ocean floor, the second string of casing may be set to a maximum depth of 1,500 feet below the ocean floor. This casing may be omitted if there is geologic evidence that hydrocarbons will not be encountered above the depth at which the next string of casing shall be set. Request for modification or omission of this surface casing requirement must be submitted as a major variance to U.S.G.S. headquarters, Washington, D. C., for review and action.

(ii) *Surface Casing (Second or Third String).* In the absence of hydrocarbons above 3,500 feet

below the ocean floor and the casing required in (3)(i) above is not set, surface casing must be set before drilling below 3,500 feet below the ocean floor. The setting depth shall be as shown in the table below.

When hydrocarbons are encountered above 3,500 feet below the ocean floor and the casing required in (3)(i) is set and the proposed total depth of the well is 3,500 feet or greater below the ocean floor (TVD), a third string of surface casing shall be run before drilling below the following setting depths unless the following setting depth requirements have already been met:

Proposed Total Depth of Well From Rotary Table (TVD in feet)	Setting Depth Below Ocean Floor (TVD in feet)	
	Min.	Max.
3,500- 4,500	1,150	3,500
4,500- 6,000	1,500	3,500
6,000- 9,000	2,250	3,500
9,000-10,000	2,500	3,500
10,000-11,000	2,750	3,500
11,000-12,000	3,000	3,500
12,000-13,000	3,250	3,500
Below 13,000	3,500	3,500

(iii) *Casing Cementing.* The surface casing(s) shall be cemented with a volume sufficient to circulate back to the ocean floor or into the next larger string of pipe. A temperature or

cement bond survey shall be run for the full length of the casing unless good cement returns are observed. If the annular space is not adequately cemented by the primary operation, the operator shall either (1) recement, (2) squeeze the shoe of the casing with cement, either by drilling out and squeezing or by squeezing through perforations at the interval of competent formation nearest the shoe, or (3) displace with cement in sufficient quantity to fill the annular space.

(4) *Intermediate Casing (Fourth String).* A string of intermediate casing shall be set when required by well conditions. Sufficient cement shall be used to cover and isolate all zones behind the pipe which contain oil, gas or fresh water. When a liner is utilized as an intermediate string, the pipe overlap and cement procedure used shall be tested by a fluid entry or pressure test to insure a seal between the liner top and next higher string and this test shall be witnessed by a Geological Survey representative.

(5) *Production Casing.* Production casing shall be set prior to completion for production. The production string shall be cemented in a manner which will cover or isolate all zones which contain oil, gas, or fresh water, but in any case not less than the volume of cement required for 500 feet of annular fill above the casing shoe shall be used. Where hydrocarbon bearing zones are to be commingled fresh water zones shall be isolated. The Application to Drill (Form 9-331-C) shall contain a state-

ment to the effect that all zones which contain oil, gas, or fresh water shall be protected by the production casing cement. When a liner is utilized as production casing, a seal between liner top and next higher string is required as in the case of intermediate liners. When intermediate casing is utilized as production casing, it shall conform in all respects to the requirements for production casing.

(6) All casing strings except the drive or structural casing will be pressure tested to 2/10 psi per foot of depth (but to a minimum of 200 psi), or such other pressure test as may be approved, prior to drilling the plug after cementing. Corrective measures will be taken if the pressure declines more than 10 percent in 30 minutes. Drilling shall not be commenced after cementing any string until a time lapse of:

(a) 24 hours, or

(b) 12 hours under pressure. Cement is considered under pressure if one or more float valves are employed and are shown to be holding the cement in place or when other means of holding pressure is used.

All casing pressure tests will be recorded on the driller's log.

(7) Requests for major variances from the requirements of (1) through (6) above cannot be acted on at the field level but must be submitted to the headquarters office of the Geological Survey for review and action.

B. *Blowout Prevention.*

(1) *Blowout Prevention Equipment.* Blowout preventers and related well control equipment shall be installed, used, and tested in a manner which will prevent blowouts. Blowout prevention equipment adequate to prevent blowouts shall be installed before drilling below the Conductor Casing (First String) as indicated below and shall be maintained ready for use until drilling operations have been completed.

Before drilling below the Conductor Casing, at least one remotely controlled blowout preventer will be installed with provisions for circulating the drilling fluid to the drilling structure.

During drilling operations below the Surface Casing (Second String) the blowout preventer equipment shall include a minimum of (a) three remotely controlled blowout preventers of adequate capacity, including one equipped with pipe rams, one with blind rams or one hydriltype; (b) a drilling spool with side outlets if side outlets are not provided in the blowout preventer body; (c) a manifold; and (d) a fill-up line. During drilling operations below the Intermediate Casing the blowout preventer equipment shall include a minimum of (a) four remotely controlled blowout preventers of adequate capacity, including at least one equipped with pipe rams, one with blind rams, and one hydril type; (b) a drilling spool with side outlets if side outlets are not provided in the blowout preventer body; (c) a manifold; and (d) a fill-up line.

Blowout preventers and related control equipment shall be pressure tested when installed, before drilling out after each string of casing is cemented and not less than once each week while drilling. Blowout preventers shall be actuated to test proper functioning at least once each day while drill pipe is in use. All blowout preventer tests shall be recorded on the driller's log. A blowout prevention drill will be conducted once each week for each drilling crew to insure that all equipment is operational and that crews are properly trained to carry out emergency duties.

An approved inside blowout preventer assembly and drill string full opening safety valve properly positioned for maximum use, in case loss of well control is indicated, shall be maintained on the rig floor at all times.

In addition to the top Kelly cock a safety valve shall be installed at the bottom of the Kelly of such design that it can be run through the blowout preventers. The bore hole shall be kept full of mud at all times.

Before starting out of hole with drill pipe, circulate off bottom until the annulus has been displaced and the mud is properly conditioned. An approved mechanical device for measuring the amount of mud required to fill the hole shall be utilized when going in or out of the hole with drill pipe. The volume of mud required to fill the hole will be watched and anytime there is an indication of

swabbing, lost circulation, or influx of formation fluids the required blowout prevention equipment shall be installed on the drill pipe and the drill pipe shall be run to bottom and the mud properly conditioned. The mud shall not be circulated and conditioned except on bottom (unless well conditions prevent running the pipe to bottom).

The mud in the hole shall be circulated or reverse circulated prior to pulling drill stem test tools.

(2) *Variances.* Substantial deviations from these requirements must be justified to and approved by the headquarters office of the Geological Survey on an individual well or field basis. Deviation from this program will be required when necessary for the proper control of a well.

C. *Mud Program.* The characteristics, use, and testing of drilling mud and the conduct of related drilling procedures shall be such as will prevent the blowout of any well. Sufficient quantities of mud having the characteristics required to prevent blowouts shall be maintained readily accessible for use.

Mud testing equipment shall be maintained on the drilling platform at all times and mud tests shall be performed frequently.

The following mud system monitoring equipment must be installed (with derrick floor indicators) and used throughout the period of drilling after setting and cementing the Conductor Casing (First String):

(1) Recording mud pit level indicator to determine mud pit volume gains and losses. This indicator shall include a warning device.

(2) Mud volume measuring device for accurately determining mud volumes required to fill hole on trips.

(3) Mud return or "full hole indicator."

2. The applicability of the operative portion of OCS Order No. 5 to operations off California is suspended and the following requirements are substituted therefor.

All wells completed for flowing production shall be equipped with an approved storm choke or similar subsurface safety device which shall be installed in the tubing to prevent escape of oil, gas, or other fluid into the ocean in the event of damage to the well or its equipment. Such equipment shall be installed and tested at regular intervals at a depth of 100 feet or greater below the ocean floor. When an unsatisfactory test is obtained the valve shall be removed, repaired, reinstalled, and tested. All flowing wells shall have the tubing-casing annulus sealed below the ocean floor.

Artificial lift equipment required for non-flowing wells must be of a type that will automatically shut-down and not cause escape of oil, gas or other fluid into the ocean, in the event of damage to the well. Safety valves shall be installed at each well head on platforms and tested at regular intervals. All oil and gas gathering lines shall have check valves at the flowline manifold assembly.

Deviation from these requirements must be approved by the headquarters office of the Geological Survey.

3. *Gathering Pipelines.* Production from existing wells and commencement of producing operations from new

wells will not be authorized until all gathering pipelines which transport oil, gas, condensate, or other oil field fluids from a well or platform to the point of sale have been inspected. The inspection shall confirm that all such lines have, in good working order (1) automatically controlled shut-off valves, (2) properly engineered corrosion protection, (3) necessary check valves, and (4) such other safety equipment which will prevent spillage of oil, gas, and other fluids into the ocean.

4. *Inspections.* Inspections, both scheduled and unannounced, will be conducted frequently by Geological Survey personnel. Failure to permit inspection or to comply with all applicable operating regulations will result in immediate suspension of operations and further actions as provided in the lease and applicable regulations.

5. *Production Platform Requirements.* Production platforms will have the following safety and anti-pollution devices installed and in proper operating condition:

(1) Gas detector and alarm system at strategic locations on platforms.

(2) Approved firefighting system.

a. Automatic sprinkler system in well bay areas.

b. Closed loop firewater system with standby firefighting pump.

c. Portable fire extinguishers located in strategic areas.

(3) High and low level or pressure alarms and shut down devices in all production vessels and water separation devices.

(4) Remote and local automatic platform and well shut down devices.

(5) High and low pressure oil pipeline alarm and control devices to shut down shipping pumps and to shut in all wells in event of actuation.

(6) Approved sewage disposal system.

(7) Curbs, gutters, and drains in all deck areas to collect contaminates for pumping to shore for treatment.

(8) Auxiliary power supply equipment.

(9) Approved waste water handling and disposal system of the agency having jurisdiction.

6. *Pollution Control Equipment.* Standby pollution control containment and removal equipment shall be maintained on or immediately available to each platform, floating drilling ship, and floating platform. This equipment shall include inflatable or other acceptable booms, skimming apparatus, and approved chemical dispersants, to be operational in the vicinity of the platform or floating drilling rig. All equipment shall be available prior to the commencement of drilling operations. The equipment and plan of containment shall be approved by the Geological Survey. This equipment will be regularly inspected. Additional equipment and containment procedures can be required by the Geological Survey from time to time.